



Canada: Residential Security Opportunities

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August 09

SUMMARY

According to industry sources, residential security systems are a major element in Canadian home construction and renovation, and as these systems become more technologically advanced and affordable, the Canadian market place will prove to be a lucrative market for U.S. manufacturers of residential security systems.

In 2009, 370,500 new home starts are estimated across Canada and that number is expected to increase by 9.3 percent to 405,000 units in 2010. In addition, an estimated forty percent of existing Canadian homes were renovated in 2008 totaling \$21.3 billion, and that number is expected to rise to fifty nine percent in 2009.

The total market demand in Canada for residential security systems is estimated at \$7.4 billion for 2009, with an expected growth rate of 2-3 percent for 2010. Imports fulfill approximately seventy-five percent of this demand, amounting to \$5.7 billion. U.S suppliers expect to supply approximately \$2.7 billion or forty seven percent of these imports in 2009.

At the forefront of the Canadian residential security industry is the concept of a fully connected home. Mounting consumer interest in this concept continues to fuel new revenue potential for security system integrators and installers. Technology has advanced so that home audio, video, lighting, security, sprinklers and more can run on one single centralized network, acting as the aggregate for a true “digital home” experience.

The types of security measures used by Canadian residents are also growing in diversity as technology advances and high tech equipment becomes more affordable. Canadian residents want security that includes the ability to automatically control lighting within and outside the home, as well as a myriad of other conveniences and luxury features that many residential security distributors are now offering. Combining, motion sensors, glass break sensors, as well as video surveillance can lead to more effective security measures and ultimately reduce risk of breaking and entering. The number of breaking and entering has steadily declined in recent years and much of this decline can be attributed to the increase in both quantity and quality of residential security systems.

With technology continuing to advance, and integrated home control systems becoming more affordable, great opportunities will be available in the Canadian marketplace for residential security equipment companies.

The Home Renovation Tax Credit (HRTC)

New home starts remain a large market for security equipment distributors. However with more money being spent on home renovations each year, residential security equipment distributors will be able to take advantage of this new market as home owners elect to renovate their homes with the purchase of highly sophisticated security equipment. The demand for these products should increase dramatically through 2010 as the Canadian government is offering a tax rebate directly to homeowners that can be used for renovations. The Home Renovation Tax Credit (HRTC) will let homeowners deduct 15% of their home renovations up to \$1350 in the form of a tax credit for their Canadian income tax returns until February 2010. This will include all types of projects from security systems to landscaping and should lead to increased revenues for security equipment distributors.

This tax credit provides a great opportunity for U.S. security equipment companies to get into the Canadian market as the demand for these systems will steadily increase through the upcoming year.

For more information on the HRTC please visit: <http://www.cra-arc.gc.ca/tx/ndvdl/sqmnts/hmwnr/hrtc/menu-eng.html>

Best Prospects

While burglar alarm systems, fire alarms, and closed circuit tvs (CCTVs) make up the largest portion of average revenue for security equipment firms in Canada, the best prospects are in the electronic security equipment sector. Equipment such as automatic lighting controls, highly sophisticated motion detectors, and video cameras which allow the image to be viewed remotely from a web-connected PC, will record the strongest sales gains through the next few years. New generations of electronic security products offer substantial improvements over locks, safes and other mechanical devices, and market gains will be driven by sales in the home automation sector. Market gains will also be recorded in the residential security market as a result of a high perceived risk of crime among residents in many areas and supported by the increasingly affordable types of electronic security equipment. Automatic lighting, video surveillance cameras, and motion sensors are becoming more popular as these items continue to decrease in cost. A 2008 survey revealed that the net change in sales for this equipment is expected to double in the upcoming year and continue to increase for years to come.

Cost-effective solutions remain an important criterion for the Canadian security equipment buyer. As a result U.S. residential security equipment suppliers looking to integrate into the Canadian market will need to offer high quality equipment at reasonable prices. The prices of home electronics like home theatre and home audio systems are expected to fall in upcoming years and this should boost the demand and popularity for this service category in the Canadian market.

For More Information

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